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4520 EAST-WEST HIGHWAY
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Nation's Restaurant News®

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

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NRA: Sales to firm slightly in 1990

by Peter Romeo

WASHINGTON — The sales sluggishness that hobbled restaurateurs this year will ease slightly in 1990, with demand for away-from-home meals likely to grow by 1.8 percent, compared with 1989's 1.5-percent rise, according to the National Restaurant Association.

However, the trade group's annual sales forecast indicated that competition for 1990's scant real-sales gain would also intensify as droves of new contenders, particularly casual full-service places, enter the marketplace.

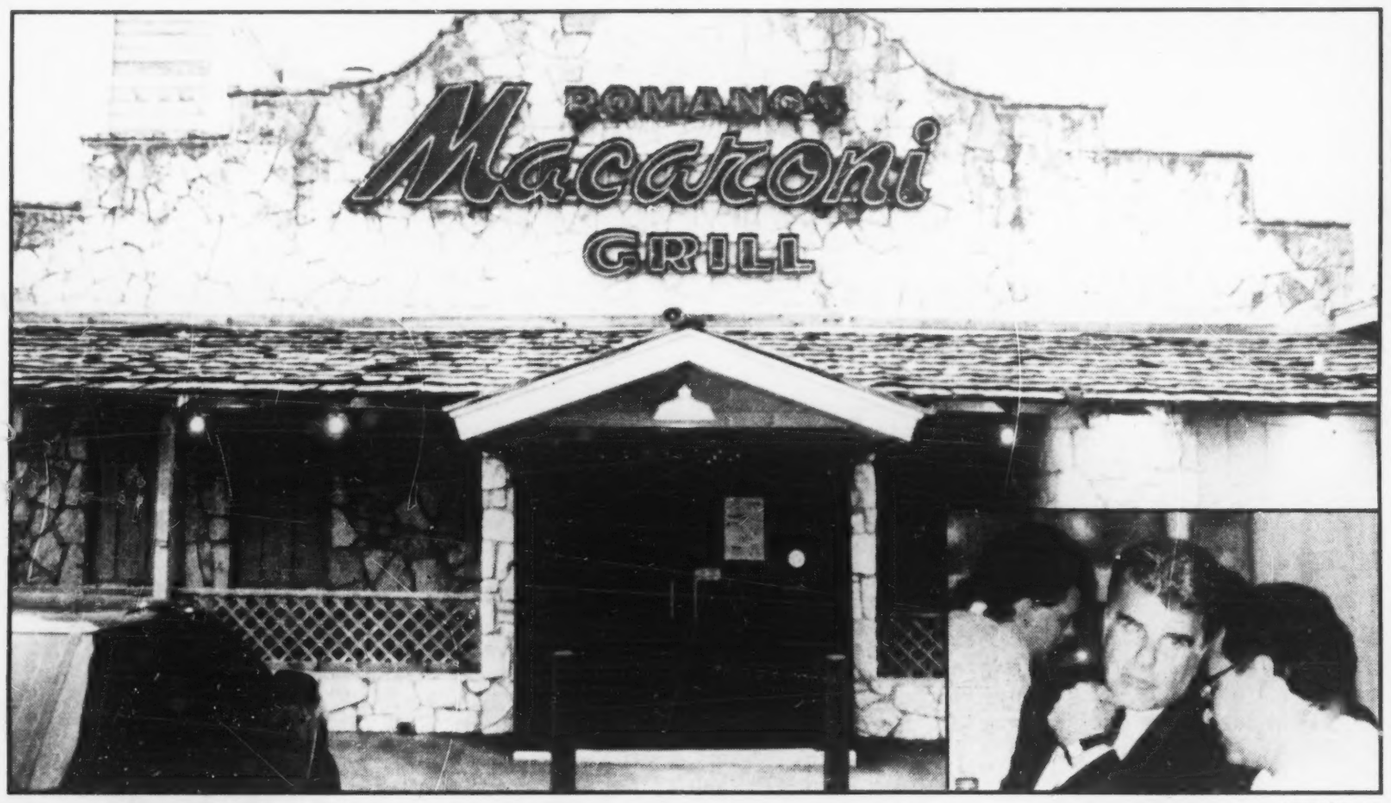
"More and more table service establishments are competing in a market where demand is not increasing rapidly enough for an increasing number of establishments to enjoy real growth," the association noted.

What's more, the NRA predicted that labor expenses would escalate at a 6.5-percent clip, exceeding the 4.4-percent pace that operators mournfully clocked in 1989. Profits will also be pinched by "double-digit" rises in garbage-disposal fees and a moderate hike in utility bills, according to the group.

"Property insurance rates could increase at higher-than-inflation levels due to damage from Hurricane Hugo and the California earthquake," the association's forecast warned.

But the impact on profit margins will be tempered by a deceleration of food costs, the NRA said. It forecast that wholesale prices will rise at a 3.5-percent rate during 1990, for an appreciable slow-

(See NRA, page 4)



NRN Photo

Romano's Macaroni Grill in San Antonio, Texas. Inset: Phil Romano, left, chats with a customer.

Mangia, amigos! Chili's acquires Italian dinnerhouse

by Tracey Taylor Woodard

SAN ANTONIO, Texas — Chili's Inc. has acquired all rights to Romano's Macaroni Grill, a local Italian restaurant created by Fuddrucker's founder, Phil Romano, for 152,000 shares of Chili's stock, or about $4.5 million.

Exploring a niche dominated by General Mills' Olive Garden, Chili's has armed itself with a 200-seat restaurant featuring wood-burning ovens and rotisseries, made-from-scratch pastas and jug wines.

Chili's vice president for strategic development Lane Cardwell said the company hopes to open a second restaurant in either Dallas or Houston within the next year.

"It was too good to pass up," Cardwell said. "Obviously we weren't in the market for something like this, but sometimes you have to go faster than you planned.

The move in no way reflects a

(See CHILI'S, page 77)

Carvel melts for $80M offer

Chain sold to investment firm

by Bill Carlino

YONKERS, N.Y. — Carvel Corp., parent of the 700-unit soft-serve chain known for its creative ice-cream products and no-frills TV spots featuring founder Tom Carvel's gruff voice, has been acquired for about $80 million by Investcorp Inc., an international investment bank.

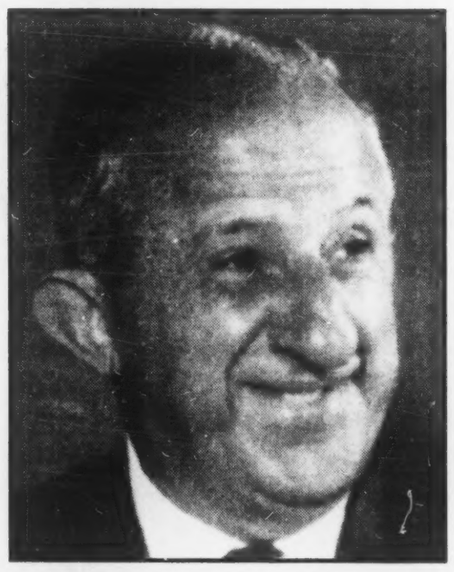
"Many companies had conducted sale conversations with Mr. Carvel over the years, but we were there at the right time," said Robert Glaser, a member of Investcorp's management committee.

"Basically, what we're looking to do is to revitalize the chain and bring it into the '90s."

In a prepared statement, Tom Carvel, 83, said that he agreed to the acquisition because "of its [Investcorp's] intentions to perpetuate and expand the Carvel chain."

Carvel, who began the company in 1934 as a one-man trailer operation in Hartsdale, N.Y., had owned about 90 percent of the company since he took Carvel Corp. private in 1977.

The chain's patriarch will remain with the company as a consultant for two years. It was not disclosed whether he would continue his familiar role as the chain's gravelly voiced TV and radio spokesman.



Tom Carvel

The Carvel Corp. suitor, Investcorp, is composed of 400 shareholders, including government members of Bahrain and other Middle Eastern countries.

Among its present holdings, Investcorp owns Dellwood Foods Inc., a New York-based milk

(See CARVEL, page 76)

California agents seize stolen avocados

by Richard Martin

ESCONDIDO, Calif. — California Avocado Commission agents, deputized by the state Department of Food and Agriculture, are raiding restaurants throughout Southern California and confiscating tons of black-market avocados.

Leaders of the task force, based at the DFA office here, said the crackdown was prompted by sharply escalating pilferage from the groves of the state's beleaguered avocado farmers, who produce 90 percent of the national harvest.

Much of the haul of purloined avocados is being sold to restaurateurs for bargain prices, tipping the auditing raiders that the fruit has not passed through the certification process mandated by state law.

"We made a bust at a restaurant a few months ago for 1,600 pounds and found [the restaurant] had paid 23 cents a pound when the market price at the time was 85 cents," explained Donella Boreham, supervisor of the DFA's avocado certification and anti-theft programs.

Forecasts that 1990 will mark

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This week we are soliciting opinions on our new look. We want to know what *you* think, pro and con, about our new graphics and typography.

When you call the NRN Hot Line, an answering machine will ask for your opinion. If you like, you may leave your name and phone number so that we can confirm your statement for publication.

Call the NRN Hot Line: 1 (800) 678-7711.

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NEWS BRIEFS

Laughery relinquishes post to Prather

ROCKY MOUNT, N.C. — Hardee's chairman Jack Laughery is loosening his rein on the regional sandwich chain by relinquishing the chief executive's title to second-in-command Bill Prather.

Prather, who will continue to serve as president, will assume his new duties on Jan. 1. He joined Hardee's about four years ago, after serving in several high-level posts at Burger King.

In a related move, Laughery has also disclosed plans to shed his chief executive's post at Fast Food Merchandisers, Hardee's distribution business. That title will be assumed by Bob Autry, who will remain president, according to the chain. Autry reports to FFM chairman Hugh Todd.

Laughery, 53, had served as chief executive of the burger chain for 16 years. During his tenure the chain grew from 750 units to its present tally of 3,300.

Laughery will remain on the board of directors for Montreal-based Imasco Ltd., Hardee's parent company.

Domino's refutes stories about staff strife

ANN ARBOR, MICH. — Domino's Pizza has denied news reports alleging that headquarters morale has been sapped by tensions between some staffers and members of a religious group that has been supported by the pizza system's owner, Tom Monaghan.

Stories appearing in Crain's Detroit Business and The Detroit News said that the alleged friction could affect Monaghan's efforts to sell his pizza empire. Quoting unnamed sources, the articles reported that Monaghan had filled jobs at his campuslike corporate center here with 225 members of Word of God, a zealous Catholic sect. However, the journals noted that most of the church members were employed by a holding company that was operated separately from Domino's.

The news reports appeared about one month after Domino's laid off more than 100 staffers in an effort to cut costs. Monaghan revealed recently that he is exploring the possibility of selling the chain.

Canadian lawmakers seek lower tax

OTTAWA — A legislative committee has advised the federal government to temper the impact of a proposed national goods-and-services sales tax by implementing a 7-percent levy instead of the 9-percent surcharge that the prime minister favors.

Canada's food-service industry has argued that consumers would sharply curtail their restaurant expenditures if menu prices suddenly jumped by 9 percent. The Canadian Restaurant and Foodservice Association has predicted that the tax would cost the trade more than $1 billion in lost sales.

The direct sales tax — the nation's first — is scheduled to take effect in 1991.

Stillman unveils French bistro

NEW YORK — Alan Stillman, operator of such well-known restaurants here as Smith & Wollensky and Manhattan Ocean Club, has added a French bistro to his fold with the opening of La Cité.

The place is among a number of dining establishments that have been unveiled in recent months by well-known restaurateurs. Michael McCarty recently fired up the ovens of Michael's, a clone of his acclaimed establishment in Santa Monica, Calif. And David Leiderman, founder of the David's Cookies chain and operator of Chez Louis restaurant, is putting the finishing touches on a new restaurant in the Holiday Inn Crowne Plaza here.

KFC tests credit system for delivery

COLUMBUS, Ohio — Kentucky Fried Chicken is permitting patrons of the chain's home-delivery service here to charge their meals on Visa or MasterCard credit cards.

"All that's needed is a signature," said KFC vice president Tom Tullio, who is supervising the test.

In addition, the charge plates can be used to pay for meals purchased within the 25 KFC units participating in the trial program. The city is also serving as the test market for KFC's home-delivery service.

In-N-Out forces EZ to change name

BALDWIN PARK, Calif. — In-N-Out Burgers, the 56-unit chain that pioneered the drive-thru-only concept 40 years ago, has forced a copycat operation to change its name and the design of its logo type and uniforms.

In-N-Out dropped its trademark-infringement suit against EZ Out Burger when the six-unit franchise chain, based in Upland, Calif., agreed to call itself EZ Take Out Burger and make the other modifications by mid-January.

Rich Snyder, president of In-N-Out, vowed to keep other operators "from using what we believe is a deceptive knockoff of our name or copying our uniforms or generally copying our trade dress."

Administration eyes 'user fees' for inspections

WASHINGTON — In a move that could hoist seafood costs, the Bush administration is planning to implement a "user's fee" to fund a more thorough inspection by the Food and Drug Administration of fish and shellfish intended for human consumption.

It is unclear whether the fees would be levied on fishermen, seafood wholesalers or retailers such as restaurants. In any case the end result would likely be an increase in costs.

The government is eager to have the FDA inspect more of the nation's seafood supply. At present only a small percentage is checked for contamination — a fact often pointed out by consumer advocates.

However, the FDA has been pinched by the government's efforts to close the budget deficit. The user-fee system being contemplated would generate an estimated $5 million.

National sells, leases 19 stores

HOUSTON — National Convenience Stores, operator of the Stop-N-Go convenience-store chain, said it has generated $16 million in cash by selling and leasing back 19 units.

The stores were tendered to Metric Income Trust Series, a real-estate investor. National secured a 20-year lease.

The company said the proceeds would be used to reduce debt. National has been striving to bolster sales after losing money last year. One component of the plan calls for the use of well-known brand names within the Stop-N-Go chain's food-service operations.

Dairy Mart inks deal for 141 Stop-N-Go units

ENFIELD, CONN. — Dairy Mart Convenience Stores, a 1,200-unit convenience-store chain, said it has agreed to buy 141 units of the competing Stop-N-Go system from Sun Co. Inc.

The agreed-upon price was not disclosed.

The Stop-N-Go stores are located in Ohio, Michigan, Indiana and Kentucky, Dairy Mart said. It noted that those markets are next to areas already peppered with Dairy Mart outlets.

The deal is scheduled to close in March, the would-be buyer said.

Minn. group names Naegele president

MINNEAPOLIS — William Naegele, 47, a veteran restaurateur here and a key board member of the National Restaurant Association, has been elected 1990 president of the Minnesota Restaurant Association.

As owner of Naegele's Restaurants, he operates Lord Fletcher's on the Lake, The Beanery Cafe, Grandaddy's and the Wharf in the Twin Cities area.

Starting in the early 1970s, he also launched and operated Pracna on Main, Forepaugh's, Grapes and Herman's Steak House, D.B. Searle's, Amalgamated Eating and Drinking Company Underground, Jose's, Naegele's and Burma Shave in the Twin Cities area.

Naegele previously was vice president and co-owner of the Naegele Outdoor Advertising Co., starting in 1968. He has been a Minnesota Restaurant Association board member since 1972. He was treasurer and held other offices during the 1980s.

Nation's Restaurant News

EDITORIAL OFFICES
425 Park Ave., New York, N.Y. 10022. 212-371-9400.
Fax 212-838-9487
Editor **CHARLES BERNSTEIN**
Executive Editor RICK TELBERG
News Editor RICK VAN WARNER
Senior Desk Editor JEANNE ISENBERG
Special Projects Editor PETER ROMEO
Senior Editor MILFORD PREWITT
Associate Editors BILL CARLINO, BOB SELIGMAN
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Copy Editor MICHAEL SCHRADER
Desk Editors ROBERT BARRESE, A. RHONA MELSKY, LISA WEINREB
Contributing Editors FLORENCE FABRICANT, MORT HOCHSTEIN, PATT PATTERSON
Art Director BOB BROKMAN

NEWS BUREAUS
Atlanta 278 Spring Drive, Roswell, GA 30075, 404-998-6966.
Fax 404-998-7339
Southeast Editor JACK HAYES
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688.
Fax 312-644-3256
Midwest Editor CAROLYN WALKUP
Houston 2851 Wallingford Drive, Suite 108, Houston, TX 77042, 713-977-7924. Fax 713-977-4026
Southwest Editor TRACEY TAYLOR WOODARD
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321. Fax 213-465-4287
West Coast Bureau Chief RICHARD MARTIN
San Francisco 400 Montgomery St., Suite 1110, San Francisco, CA 94104, 415-362-2575. Fax 415-362-0319
West Coast Editor ALAN LIDDLE

BUSINESS OFFICES
425 Park Ave., New York, N.Y. 10022, 212 371-9400.
Fax 212-838-9487.
Publisher
JAMES C. DOHERTY
Associate Publisher/National Sales Manager
MICHAEL F. CHARLTON
DISPLAY ADVERTISING
Boston 1 Gateway Center, Newton, MA 02158 617-527-6394.
Fax 617-969-3125.
Area Sales Manager CHRIS MCCOY
Cleveland Summit One Building, 4700 Rockside Road, Independence, OH 44131, 216-642-3420.
Fax 216-642-1457.
Office Manager MARTHA SMITH
District Sales Manager TOM LAPALERMO
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688. Fax 312-644-3256.
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Regional Sales Manager JOHN DONOGHUE
District Sales Manager DAVID M. PITTMAN
New York 425 Park Ave., New York, N.Y. 10022 212-371-9400. Fax 212-838-9487.
District Sales Manager JOHN YATKAUSKAS
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Sales Administrators TONY BORRELLI, COLEEN HARTE
San Francisco 400 Montgomery St., Suite 1110, San Francisco, CA 94104, 415-362-2575. Fax 415-362-0319.
District Sales Manager STEVE CONCA
CLASSIFIED ADVERTISING
New York 425 Park Ave., New York, N.Y. 10022, 212-371-9400. Fax 212-421-1956.
Classified Advertising Manager LESLIE WOLOWITZ
PRODUCTION SERVICES
New York 425 Park Ave., New York, N.Y. 10022 212-371-9400. Fax 212-593-3612.
Production Manager FRANCINE RIZZO
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SUBSCRIBER SERVICES
New York Suite 535, 305 Madison Ave., New York, N.Y. 10165-0079. 212-697-2165 or 212-697-2166. Fax 212-949-5176.
Circulation Director SUSAN MOSKOWITZ
Circulation Assistant JACQUELINE FLYNN
For a new subscription, call toll-free 1-800-262-9500.
National Director, JAMES DICKISON
214-964-1778
Marketing Coordinator, KATHY WILLIAMS
214-964-1778
Eastern Region Manager, WARREN EVLETH
201-292-5394
Central Region Manager, JULES SCHULHOFF
513-745-9364
Director, Sales Representatives, DAVID ULCH
402-978-8767

LEBHAR-FRIEDMAN INC.
New York 425 Park Ave., New York, N.Y. 10022
212-371-9400. Fax 212-838-9487.
President **J. ROGER FRIEDMAN**
Sr. VP/Group Pub. JAMES DEGRAFFENREID
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NEWS

Restaurants Unlimited launches Mediterranean concept in Seattle

by Alan Liddle

SEATTLE — Wood-fired ovens and a rotisserie, a curved cooking line and "tiered service" are among the key elements of Palomino, Restaurants Unlimited's new "Euro-Seattle Bistro," company officials said.

Palomino, which opened on the third floor of a downtown Seattle office and retail tower earlier this month, seats 360 and serves Northwestern foodstuffs prepared with a Mediterranean flair. Developed at a cost of about $2.5 million, company sources said, Palomino is the first Restaurants Unlimited venture to feature a focused culinary theme.

"It was no fun to build, but it is spectacular to look at," James M. Welch, Restaurants Unlimited's senior vice president of development, said of Palomino's curved walls and exhibition line and its coved ceilings.

Palomino is a triple concept, featuring a bar, cafe and restaurant. Each component has its own menu and, said Welch, enough individual design elements to create a distinctive personality that eliminates the need for walls.

Red is the dominant hue in the new restaurant's color scheme, and marble is the trim of choice: Four different types are used throughout the decor for a variety of surfaces, including table tops, bar tops and the floor.

Part of Palomino's dining room looks out over a three-story atrium.

Among the foods found on the Palomino menu are a pizza topped with spit-roasted chicken, red peppers, onions, plumb tomatoes, fresh Mozzarella and Grama Parmesan ($8.95); wood-fired oven-roasted Bodega Bay steelhead with fresh tarragon, parsley, shallots, garlic and lemon ($10.95); and paella of Penn Cove mussels, Manila clams, prawns, Dungeness crab, chicken, chorizo and saffron rice ($12.95).

Most entrées are accompanied by a risotto and baked, mixed vegetables.

Appetizers include a focaccia with fresh Mozzarella and Gorgonzola cheeses, pine nuts, fresh basil and red onions ($5.50).

Patrons in search of sweets can choose from such desserts as baked apple in puff pastry ($5.50) and white chocolate ice cream topped with espresso, whipped cream, chocolate shavings and chocolate-covered espresso beans ($3.50).

The Restaurants Unlimited menu development team and Palomino kitchen staff were greatly influenced by the time they spent at La Sacrastea, one of the oldest pizzerias in Rome, company officials have said.

Senior general manager Don Adams, who played a major role in creating Palomino, said the concept requires a crew of 123 people. Chef Michael Herstine oversees about a third of the staff, he indicated.

Adams said he believed Palomino to be the only contemporary, midpriced restaurant in Seattle utilizing a "tiered" service format in which a two-person team waits on a six-table section.

Under the tiered system, he said, a "back" server "immediately" greets customers as they are seated, pours water, moves orders from the kitchen to the table and clears dishes. The "front" server solicits cocktail orders, gives a brief description of the day's specials, takes orders and, in general, "is not to leave the floor unless it is to get a drink from the bar," Adams explained.

"A single server can provide good service but not great service," he said, talking up the advantages of the tiered approach.

Seattle-based Restaurants Unlimited operates 21 full-service restaurants in seven states and operates or franchises more than 120 Cinnabon bakeries nationwide. Chairman Rich Komen has said he expects the company's restaurants and the bakery chain to report total 1989 revenues of about $100 million.

NRA predicts slight rise in sales in 1990s

(Continued from page 1)

down from this year's 5.1-percent gait.

That moderation will hold menu price increases to 4.4 percent next year, compared with 1989's average hike of 4.6 percent, according to the association.

Overall, it said, food-service sales will climb next year by 6.2 percent, to $241.3 billion. Stripping away the anticipated effect of higher menu prices yields a real or inflation-adjusted growth projection of 1.8 percent.

"For the tenth straight year, the industry will experience real — if slight — growth," noted Susan Mills, who drafted the forecasts in consultation with Malcolm Knapp Inc., the New York food-service research concern. "That's despite the fact that the economy is softening."

The NRA's Foodservice Industry Forecast is slightly less optimistic than the industry's other leading sales prediction, which was issued several months ago by the International Foodservice Manufacturers Association. Its Forecast and Outlook foresaw a 2-percent climb in real sales.

In past years IFMA has tended to be overly pessimistic, while the NRA has erred in the opposite direction. In 1988 the former predicted that real sales would rise during 1989 by only 1.2 percent. It recently revised that figure upward to 2.8 percent.

A year ago the NRA forecast that the industry's inflation-adjusted intake would grow during '89 by 2.2 percent. The just-issued Foodservice Industry Forecast adapted that assessment to 1.5 percent.

The NRA expected sales to grow at a faster rate in 1990 largely because of an anticipated slowdown in the purchase of big-ticket durable goods, particularly vehicles. It cited an "imperfect" yet "interesting" inverse correlation between dining out and the purchase of cars and small-bodied "light" trucks.

"In March 1989 purchases of new cars and light trucks jumped almost 19 percent from the prior months," the association's forecast said. "The proportion of adults who were food-service patrons on a typical day was off 7.4 percentage points."

In August "car and light truck sales leaped 13 percent," the report noted. "At the same time, food-service patronage declined 5.7 percent."

To pay for the new vehicles, consumers spent less in restaurants, according to Mills. "It doesn't seem that sales of consumer durables will be as strong next year," she said.

Segment-by-segment sales forecast for 1990

	1990 sales (billions)	% of change, '89-90 real	% of change, '89-90 nominal
Fast-food restaurants	$ 70.38	3.0	7.4
Full-service restaurants	77.19	1.0	5.4
Ice cream, frozen-treat outlets	2.18	2.8	7.2
Commercial cafeterias	4.36	0.6	5.0
Social caterers	2.25	3.4	7.8
Bars, taverns	9.00	(4.3)	0.3
Food contractors	14.61	3.9	8.4
All commercial establishments	213.93	1.9	6.3
All institutional places	26.21	0.9	5.0
TOTAL FOOD-SERVICE INDUSTRY	241.28	1.8	6.2

Source: NRA's Foodservice Industry Forecast.

Fast-food restaurants will continue to outperform the food-service trade as a whole in 1990, snagging nearly half of the industry's increase in customer visits, the NRA predicted. It forecast that the quick-service segment's real sales would climb by 3 percent. Nominal sales will jump by 6.2 percent, to $147 billion.

"However," noted the Foodservice Industry Forecast, "fast food as a segment has become more vulnerable due to higher menu prices and a slowdown of service at peak times. In addition, coupons and other promotions are being offered nearly nonstop to generate traffic."

Customer counts at full-service restaurants will rise next year by 1 percent, after creeping upward by 0.7 percent in 1989, the forecast predicted. It attributed that acceleration in part to a surge in the popularity of casual restaurants, noting that such places generated a 7.5-percent spurt in traffic between 1986 and '88. "This trend will continue to contribute to sales growth well into the next decade," it said.

In contrast, the report asserted, "upscale restaurants with a more formal atmosphere have been troubled by the change in consumer attitude," with "free spending" yielding to "comparative frugality."

"Due to the popularity of frozen yogurt and demand for premium ice cream," frozen-treat specialists will snare about 2.8 percent more traffic than they drew this year, according to the NRA. Only two social caterers and fast-food operators will enjoy faster real-sales growth, the statistics indicated.

Social caterers' inflation-adjusted sales will jump next year by 3.4 percent, making that market the industry's fastest-growing segment, according to the data. Total sales are projected to top $2.25 billion.

The NRA admitted that it is perplexed by the sales softness that continues to stymie commercial cafeterias. The serve-yourself places are expected to generate only 0.6 percent more traffic in 1990 than they did this year.

"The economic performance of cafeterias continues to be puzzling as they are well-positioned to take advantage of consumer desire for food variety, value for the price, and absolute control over the composition of the meal," the association said. "Major drawbacks could be standing in line and the perceived time it takes to do so."

The prospects are much better for noncommercial cafeterias, according to the NRA's study. It foresaw a 3.9-percent rise in real sales for contract feeders, who manage "captive" feeding facilities for a variety of businesses and institutions.

College-and-university feeders will garner 6 percent more traffic than they did in 1988, while airline caterers will enjoy a 5.7-percent rise in real sales, the NRA said. Health-care operations will serve 4.4-percent more meals in nursing homes and hospitals, while business-and-industry contractors will feed 3.5-percent more patrons.

FINANCIAL NEWS

Menu price hikes steady; supermarket inflation up

WASHINGTON — The gap between the rate restaurateurs and grocers are raising their prices widened for the first time in six months during October, with food-service operators continuing to hold the line on menu price hikes while supermarket inflation rose after declining since May.

According to the U.S. Labor Department's Consumer Price Index, prices for food away from home rose at an unadjusted, year-to-year rate of 4.6 percent in October, down slightly from 4.7 percent in September.

Restaurants have held menu inflation in the 4.5-percent-to-4.7-percent range all of 1989, government statistics show.

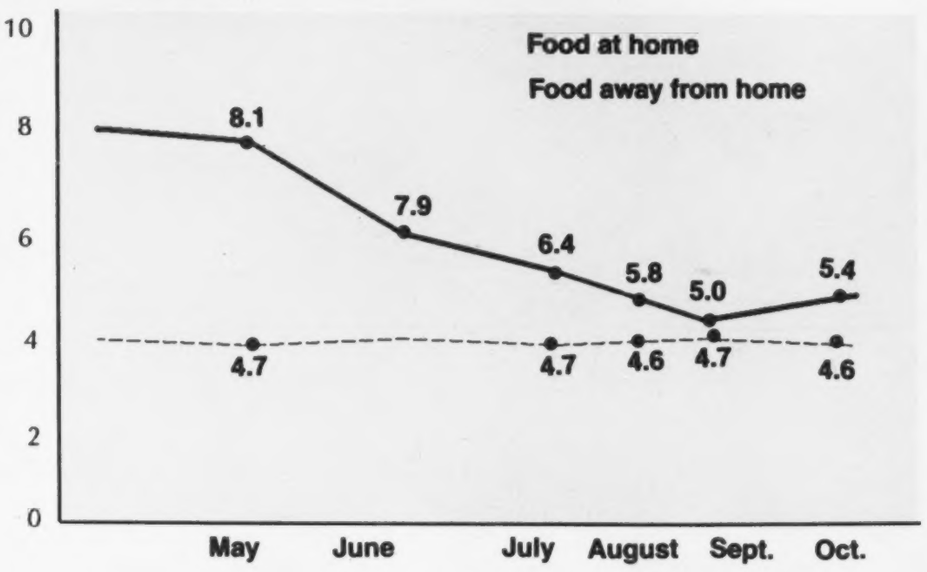
Meanwhile, supermarket inflation rates turned north again after easing for five straight months. Prices for food at home rose at a 5.4-percent year-to-year clip during the month, up from the September rate of 5.0 percent but lower than the August level of 5.8 percent.

On the nation's supermarket shelves, the price of dairy products continued to climb, rising 7.6 percent year-to-year, up from 6.6 percent in September and 5.8 percent in August.

Cereal and bread product prices increases slowed to 7.5 percent, from 7.9 percent in September and 8.1 percent in August.

And year-to-year prices for meats, poultry, fish and eggs were up 4.8 percent, from 4.7 percent and 4.3 percent in the previous two months, respectively.

Gap widens between supermarket price hikes and menu price increases
(unadjusted year-to-year percentage change)



Source: U.S. Labor Department

Study: Hotels again suffer profit loss

by Milford Prewitt

PHILADELPHIA — Improved hotel operations and reduced payrolls did not help to offset the lodging industry's fourth consecutive annual profit loss in 1988, according to the U.S. Lodging Industry 1989 annual report.

Conducted by Laventhol & Horwath, accounting and consulting specialists in the hospitality industry, the typical hotel's loss fell from $748 to $429 per room last year, the smallest since 1985.

The most recent loss is smaller than in any year since 1985, when the median loss was $56.

As an industry, U.S. hotels have not turned a profit since 1984 when they made $481 a room/

The median 1988 room rate was $55.26, down 4.5 percent from $57.84 the previous year. Average occupancy rose from 65.3 to 66.3 but was still below the industry's estimated break-even level of 68 percent.

Despite the 1988 performance, lodging analysts were upbeat about the industry.

"The lodging industry has had several rough years but is finally showing some signs of recovery," said Thomas W. Lattin, Laventhol & Horwath's national director of hospitality advisory services. "Progress in labor productivity, in particular, has helped many hotels improve their bottom line."

As a group, U.S. hotels reduced payroll expenses from 37.9 percent of total sales in 1984 to 33.7 percent. On $20,593 — the industry's average annual per-room sales — the industry saved $680 per suite.

The report noted that hotels operated by large chains performed the best. They had the smallest losses, $230 per room.

Chain hotels produced $7,400 per room in revenue, compared with $5,517 for chain-owned, $5,059 for chain franchised and $4,726 for independents.

But Saul F. Leonard, Laventhol & Horwath's national partner for leisure time and gaming, noted the large chains are challenged by high development costs.

FOOD PRICE OUTLOOK

Outlook for dessert lettuce good

by Patt Patterson

Growers in the Southern California and Arizona dessert areas are expecting larger production of lettuce this winter if everything goes well. Yields are expected to be larger than last year's. In some areas, like Yuma, Ariz., growers are said to be planting about 10 percent more acreage in lettuce.

The only clouds on the horizon are the threat of whitefly in the Imperial Valley and Yuma areas plus the leaf minor in the Blythe area. Cold weather could hold back those threats.

Canned tuna prices may rise. For the past six months, world catches have been down, and open market pricing has risen. Many importers have been moving imports right into bonded storage to await the tariff lowering on January.

Cheese prices have climbed to record levels, with prices for American Cheddar about 30 cents a pound higher, manufacturers' bulk f.o.b., than in the first quarter of this year and higher at wholesale.

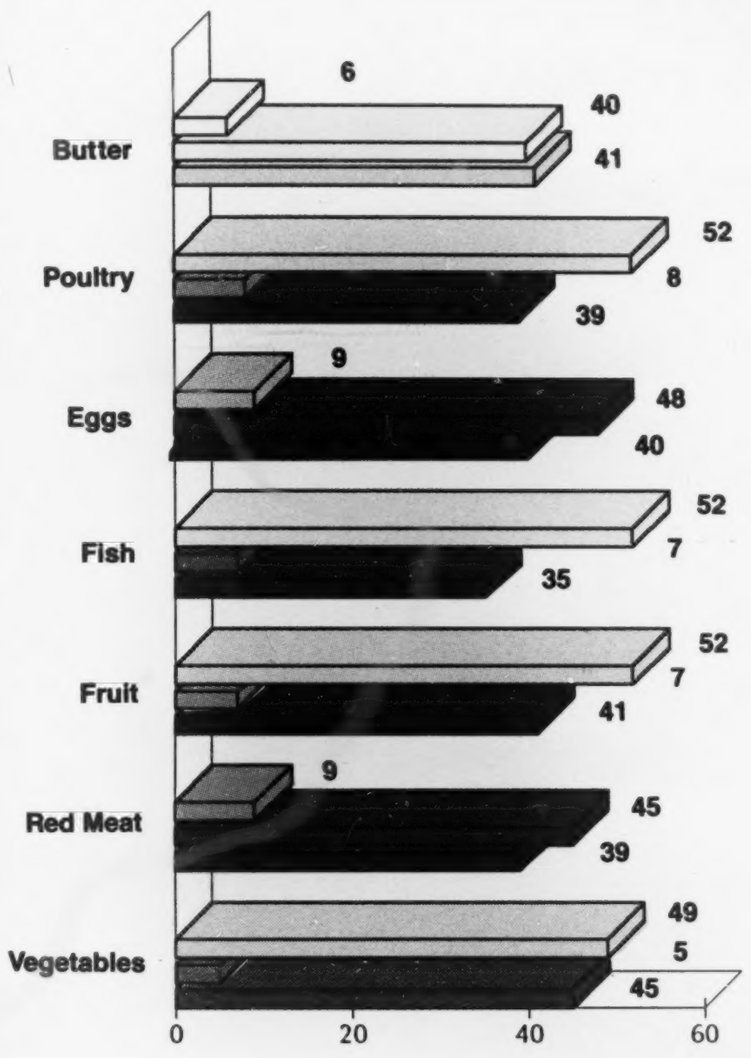
Fresh asparagus prices are expected to be moderate for the winter season. Chile, Argentina and Peru are all reporting good crops, and exports to the United States are increasing . . . Canned asparagus stocks are about 10 percent above normal, with prices drifting lower.

Although the dried bean harvest was up 25 percent over last year's and is running about 5 percent higher than normal, prices have not dropped in proportion. Some observers feel costs will drop further in late winter to early spring . . . The fall potato crop was up marginally, but stocks were down nearly 25 percent below normal. Prices for fresh and frozen potatoes may rise farther.

NRN FACT FILE

A look at the statistics shaping the industry

Eating more or less the same of . . .
(In percentages, asked of 1,000 people in a phone poll)



Source: Market Facts TeleNation, Chicago

FINANCIAL DIGEST

Panchos' earnings drop despite sales gain

FORT WORTH, Texas — Citing industry price cutting and increases in food and labor costs, Pancho's Mexican Buffet said fourth-quarter profits plummeted 29 percent, to $712,206, despite a 4-percent increase in year-to-year sales, to $17.9 million.

For its fiscal year ended Sept. 30, Pancho's earnings fell 7 percent, to $3 million, despite a 7-percent increase in revenues, to $65.9 million, from the year-ago tally.

In addition to continued industry discounting and increased operating costs, the company blamed the slump in net income on higher insurance and tax expenses and the cost of opening seven new restaurants. Pancho's said it plans to open eight new restaurants during fiscal 1990.

Shato completes Winchell's acquisition

LA MIRADA, Calif. — WDH Services Inc., an operating partner of Winchell's Donut Houses L.P., has completed the sale of Winchell's Donut Houses to Shato Holdings Limited for $40 million.

The company said Winchell's unit holders have approved the dissolution and liquidation of the partnership.

In connection with the liquidation, the holders of Winchell's Class A shares will receive a liquidating payout of about $3 per share.

Pepsico vet named KFC financial officer

LOUISVILLE, Ky. — Martin Redgrave, a nine-year veteran executive of Pepsico, has been named senior vice president and chief financial officer of Kentucky Fried Chicken.

Redgrave had spent five years at Taco Bell as senior vice president and chief financial officer and more recently as vice president and general manager for the company's Northern Division.

Before joining Taco Bell, Redgrave was vice president of finance and chief financial officer of Pepsi Food Service International and assistant corporate controller for Pepsico Inc.

Redgrave holds an MBA in finance from New York University and a BA in economics from Princeton University.

He becomes the third executive from Pepsico or one of its divisions to assume a top-level spot at KFC's headquarters here. Earlier this year John M. Cranor was appointed president and chief executive officer, and Bill McDonald, a 10-year Pizza Hut veteran and marketing director of the Frito Lay division of Pepsico, was named senior vice president of marketing.